

***United States Court of Appeals
for the Second Circuit***



**APPELLANT'S
BRIEF**

76-7041

To be argued by
Paul J. Sutton

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

Appeal No. 76,7041

GEORGE LERNER and
JULIUS ELLMAN,

Plaintiffs-Appellants,

-against-

CHILD GUIDANCE PRODUCTS, INC. and
QUESTOR CORPORATION,

Defendants-Appellees.

Appeal From the United States District Court
For the Southern District of New York

Honorable William C. Conner, District Judge

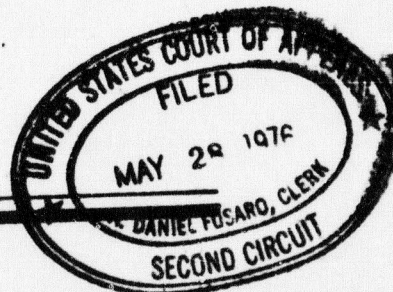
BRIEF OF PLAINTIFFS-APPELLANTS

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STATEMENT OF QUESTIONS PRESENTED

- I. DOES THE PRESUMPTION OF VALIDITY OF AN ISSUED LETTERS PATENT REQUIRE THAT THE COURT CONSTRUE THE CLAIMS IN A MANNER TO FIND THE PATENT VALID, IF AT ALL POSSIBLE?

The District Court answered "No."

The answer should be "Yes."

- II. MUST THE DEFENDANTS PRESENT SUFFICIENT EVIDENCE TO ESTABLISH THE LEVEL OF ORDINARY SKILL IN THE ART BEFORE THE COURT CAN FIND 35 U.S.C. 103 OBVIOUSNESS?

The District Court answered "No."

The answer should be "Yes."

- III. CAN THE COURT OF APPEALS FIND CLAIM 1 OF THE PATENT IN SUIT VALID, AND INFRINGED BY "BIG MOUTH SINGERS"?

The District Court did not consider this question.

The answer should be "Yes."

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REFERENCES

As used herein "defendants" refers to defendants-appellees Child Guidance Products, Inc. and Questor Corporation except where the context requires otherwise, and "Lerner and Ellman" refers to plaintiffs-appellants George Lerner and Julius Ellman.

Volume I of the two volumes of the appendix is cited "(A___)" followed by the page number. Volume II of the appendix consists of the transcript of the District Court Trial, in its entirety, and is cited "(Tr. ___)" followed by the transcript page number.

When reference is made to trial exhibits, they are cited "(PX___)" and "(DX___)" for plaintiffs-appellants and defendants-appellees, respectively.

Emphasis in quotations has been added throughout this brief unless otherwise indicated.

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

Appeal No. 76-7041

GEORGE LERNER and
JULIUS ELLMAN,

Plaintiffs-Appellants,

-against-

CHILD GUIDANCE PRODUCTS, INC. and
QUESTOR CORPORATION,

Defendants-Appellees.

BRIEF OF PLAINTIFFS-APPELLANTS

Statement

This is an appeal from a judgment entered on March 4, 1976 in the United States District Court for the Southern District of New York which dismissed the plaintiffs' complaint against the defendants for infringement of United States Letters Patent No. 3,873,639, and which adjudged the said patent invalid as to claims 1, 2, 3, 7, 8 and 9 thereof; reported at 406 F.Supp. 560, 189 USPQ 83.

I. The Invention In This Case, And
The Patent Which Protects It

The controversy before this Court involves a toy musical instrument structure capable of being mass-produced and, when operated, generating a carillon-like sound which simulates the sound produced by an electric organ. The invention covered by the patent in suit* is that of Dr. Clair Omar Musser, assignor under an Assignment dated August 25, 1972 (PX 2, A 42) to plaintiffs-appellants Lerner and Ellman. While easily played by adults, the invention is intended for children and has as one of its objectives providing youngsters with a relatively inexpensive toy which produces comparatively harmonious tones and music.

The Musser patent in suit expired on February 17, 1976. Throughout its seventeen year life and prior to the defense raised in this litigation, the patent (PX 1, A 37) was never challenged, and it was the subject of a license agreement during the early 1960's, under which tens of thousands were

* United States Patent No. 2,873,639, granted February 17, 1959 (PX 1, A 37)

successfully marketed both in the United States and abroad.

Royalties were collected by assignor Musser at the rate of 5% for all sales of Bell Organs in Great Britain and South America alone.

The commercial success due to the intrinsic merit of the patented invention, apart from sales of the accused devices (PX 4, PX 5, PX 5A), is acknowledged by the District Court (Tr. 364 and 366) wherein Judge Conner states:

"There has been no contradiction or no question concerning that evidence, so I consider it more or less undisputed that the other device shown in the patent, the so-called [Bell Organ], did enjoy a substantial degree of commercial success, and I am willing to accept that in my determination. ...

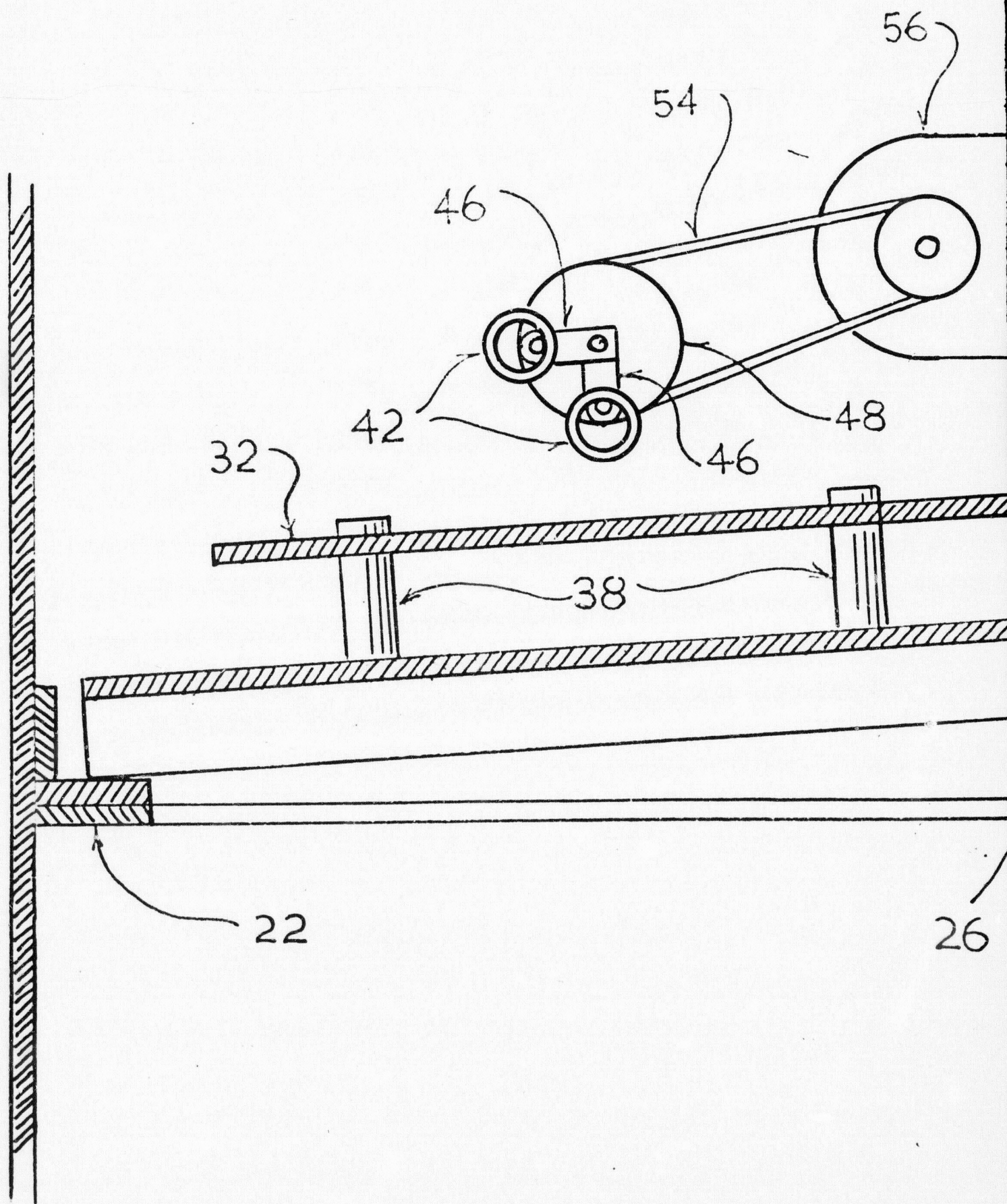
"Since there is no evidence which would indicate that the commercial success was due to an overwhelming promotional effort, I will have to assume that the commercial success was due in significant part to the intrinsic merit of the article."

Except for the defendants, no prior marketing of the structure claimed by the patent (PX 1, A 37), other than by the owners of rights under the Musser

patent (PX 1, A 37) has occurred; and defendants' sales of the accused devices (PX 4, PX 5, PX 5A) have been met with the patent infringement action underlying this appeal.

The combination of a relatively small number of cooperating structural elements which make up the invention covered by claims 1, 2, 3, 7, 8 and 9 of the Musser patent (PX 1, A 37) is not difficult to understand, even by one without an extensive technical training. In non-technical language, one or more tone-producing elements, or tone bars, are raised without the need of complex linkages into the paths of motor-driven rotating strikers which repeatedly strike the tone bars as long as the child depresses the instruments' keys. The result is a carillon-like sound.

The mechanical means of accomplishing this result in an inexpensive toy made primarily of plastic and capable of being produced by injection molding techniques and characterized by a simplicity of structure, is neither taught nor suggested by the prior art or the industry.



USA 83-475
(ED. 4-23-71)

Plaintiffs

EXHIBIT

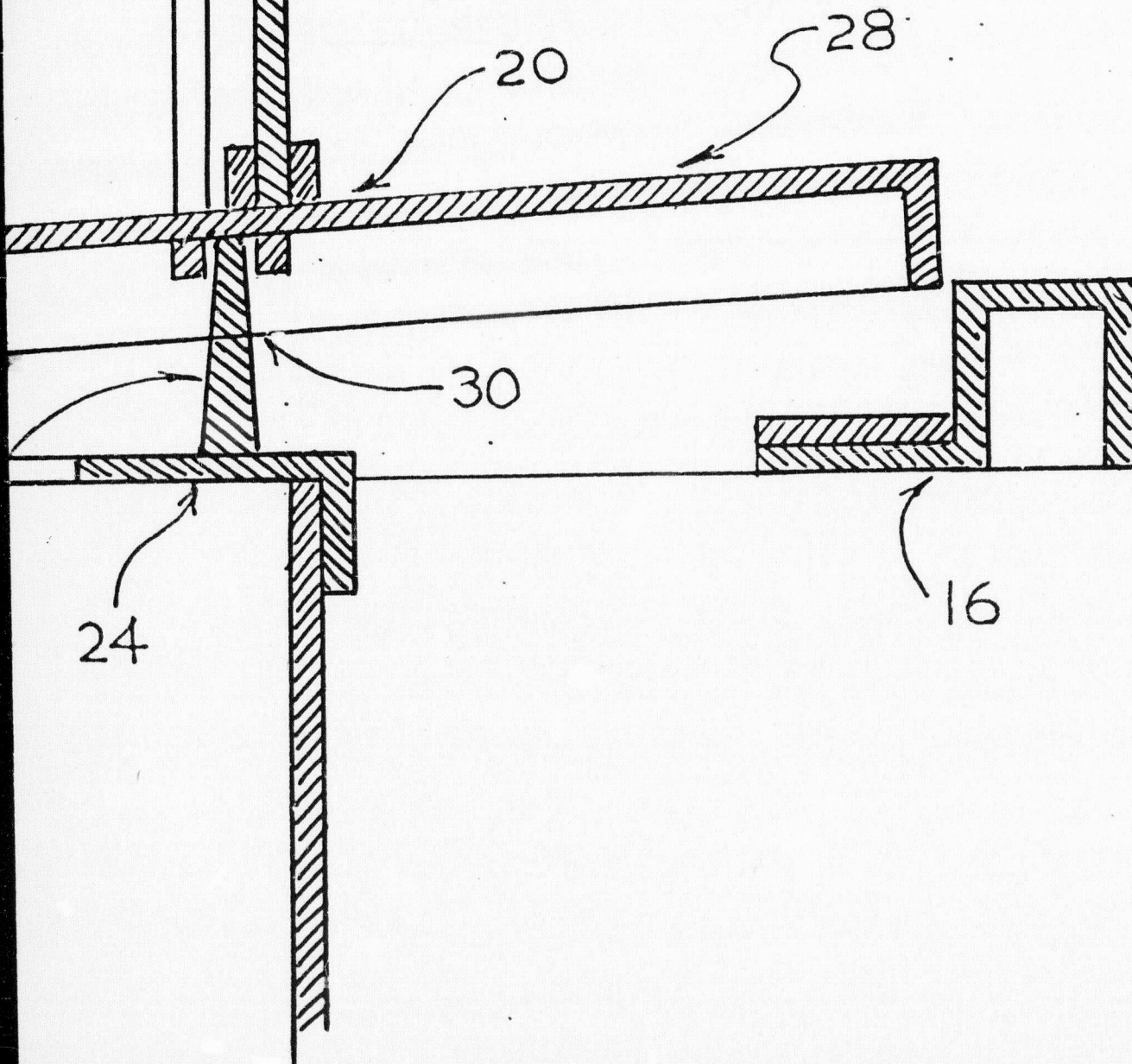
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BRIEF TECHNICAL DESCRIPTION
(See Drawing Opposite)

The patent in suit teaches a toy musical instrument having a mechanism within its housing that is schematically shown in the facing fold-out reproduction of a portion of Fig. 4 of the patent in suit (PX 6B).

When played, the instrument's battery-operated motor 56 is switched on. Keys 28 extending through a slot 20 to an accessible position outside the housing are depressed by a child's fingers and tone bars 32 supported on the keys 28 by resilient rubber supports 38 are raised in a pivotal motion about fulcrums 26 into the path of motor-driven rings 42.

Shaft 48 is rotated by the motor 56 via belt 54. Rings 42 rotate with the shaft and thus periodically continue to strike tone bars 32 as long as keys 28 remain depressed.

The presence of ledge 16 determines the playing position of tone bars 32 when keys 28 are depressed.

The tone bars 32 are supported directly on the keys that are depressed, and are not part of a linkage or other arrangement requiring two or more relatively movable elements.

The Musser patent has enabled the industry to manufacture a toy musical instrument which may be purchased by parents of youngsters for approximately \$10.00, something unheard of prior to the invention for a toy capable of generating these tones. Yes, we are all familiar with toy xylophones whose clear tones always seem loudest early Sunday mornings or the night before our tax returns are due. The subject invention provides the mixed blessing of a unique sound produced by the depression of keys in much the same manner an electric organ is played, and at virtually a fraction of the cost.

Claim 1 of the Musser patent is representative of claims 1, 2, 3, 7, 8 and 9 in suit and defines a particular combination of cooperating structural elements. This combination of cooperating elements is found in the Bell Organ, and the jury in this case found as a matter of fact that this same combination of elements or their equivalents are found in each of the three infringing devices of defendants, namely, the Big Mouth Singers (PX 4), Melody Bell-O-Phone (PX 5), and Melody Bell-O-Phone (PX 5A).

II. The History Of The Litigation

A. The Background Leading Up To The Present Litigation

In 1971, nearly eighteen years after Dr. Musser's conception of the invention underlying and covered by the patent in suit (PX 1), and fifteen years after the January 26, 1956 filing date of parent application Serial No. 561,420 (A 44) which eventuated into the patent in suit, Lerner and Ellman jointly and without knowledge of the Musser invention conceived and developed a toy piano design (Tr. 73). This design was incorporated into a single preliminary but handsome engineering model or prototype physically fabricated by Lerner in his home and was labelled the "Jolly Jingle Tone" (PX 8, Tr. 73).

Ideal Toy Company of New York immediately favorably received the design. Ideal's counsel had uncovered the patent in suit during a prior search and a vice-president of Ideal advised Lerner and Ellman that he was concerned that the patent then owned by Dr. Musser might pose a potential threat of a claim of patent infringement against Ideal (Tr. 74-75). Lerner and Ellman were given a copy of the Musser patent and were encouraged to attempt to

obtain rights under the patent in suit from Dr. Musser before Ideal could proceed further with full production evaluation of Jolly Jingle Tone (Tr. 75). Lerner and Ellman contacted Dr. Musser by telephone and made financial arrangements for the transfer of title to the patent in suit to them (Tr. 75).

About one month later, as Ideal was preparing its molds, Lerner and Ellman were advised by Ideal Toy Company that defendants were marketing two similar toy musical instruments under the names "Big Mouth Singers" (PX 4) and "Melody Bell-O-Phone" (PX 5) and that these competitive items were diluting the market.

Lerner and Ellman thereafter consulted patent counsel and, after obtaining an opinion that defendants' devices infringed their newly acquired patent, commenced the District Court action.

B. The Proceedings Of The Present Litigation

Lerner and Ellman filed the present action on May 4, 1973, alleging infringement of the patent in suit (PX 1, A 37) in their Complaint (A 1) and seeking damages from defendants. Defendants' Answer (A 9) contained no affirmative defenses, but generally denied the

allegations of infringement and validity. Lerner and Ellman thereafter timely demanded a jury trial on all issues.

This action was originally assigned to Honorable Enzer B. Wyatt. Discovery proceedings were commenced by Lerner and Ellman with interrogatories and requests for production of documents. Both parties thereafter took the oral depositions of witnesses and, while the above-noted discovery proceedings were under way, this action was reassigned, sua sponte, to Honorable William C. Conner.

On December 18, 1974 defendants filed a motion for summary judgment against Lerner and Ellman, seeking an order that, as a matter of law, defendants did not infringe the patent in suit. Upon memoranda and oral argument by counsel for the parties, Judge Conner denied defendants' motion in a Memorandum and Order #43012 entered August 28, 1975 (A 11), F.Supp. , 188 USPQ 606 (SDNY, 1975). Judge Conner's opinion, just referred to, directed that:

"There thus remains the factual question whether the accused devices incorporate 'equivalents' of the structure recited in Claims 1 and 7 [of the patent in suit]. This issue of material fact precludes summary judgment. Rule 56(c), F.R. Civ. P. ..."

"However, there appears to be sufficient doubt concerning such equivalency to warrant a separate trial limited to this one issue."

December trial dates were established and, without the guidance of a pre-trial order, the parties convened for the trial on December 15, 1975. A jury was duly impaneled and sworn (Tr. 2), whereupon the first of a two-part trial commenced.

In his opening instructions to the jury, Judge Conner indicated that the first part of the trial would be directed to infringement (Tr. 9). The Court also indicated to the jury that the evidence that would be introduced would be "...prior patents which are being relied upon either to invalidate the patent in suit or to require a narrower construction of the terms of the patent claims." (Tr. 5).

During the first part of the trial, the jury heard the testimony of three witnesses directed to the issues of both infringement and validity. During the trial proceedings, defendants' modified Melody Bell-O-Phone product (PX 5A) was first discovered by Lerner and Ellman and, without objection, was added as a third accused device (Tr. 65). Evidence was introduced by Lerner and Ellman

to show the presence of five elements within the accused devices (PX 4, PX 5, PX 5A) which are equivalent under the Doctrine of Equivalents to those called for in the claims of the patent in suit. By stipulation, all but these five elements or features of typical claim 1 of the patent are present in the three accused devices. Evidence relating to validity was thereafter introduced by defendants in the form of a book of collected prior patent art (DS C, Tr. 108) and testimony relating to this prior patent art was heard.

After closing statements of counsel were concluded, Judge Conner commenced his charge to the jury (Tr. 255). After a discussion of basic background principles of patent law, the jury was shown and given a blank special verdict form (A 358) created by Judge Conner to guide the jurors in reaching their special verdict.

The special verdict form (A 358) required each juror under Question I thereof to first decide as to each of accused devices (PX 4, PX 5, PX 5A) whether

"...defendants in the construction of their designated toy musical instruments are employing only the prior art, plus variations that would have been obvious at the time of the patented invention to persons having ordinary skill in the art?"

The special verdict form (A 358) and the District Court in its charge further instructed each juror that:

"If the answer to any part of Question I is 'YES', the corresponding part of Question II need not be answered."

The jury unanimously found non-obviousness, or validity, under Question I, notwithstanding all prior patent art in evidence. Under Question II, the jury unanimously found equivalency, or infringement, as to each of defendants' accused devices, as reproduced by counsel on the special verdict form of Appendix I (A 358). Thus ended the first part of the District Court trial.

The second part of the trial lasted but half a day. After opening statements, defendants in attempting to establish invalidity of Lerner and Ellman's patent introduced no new prior art for consideration by the jury. Portions of the transcript of Dr. Musser's oral deposition, taken on September 21, 1973, dealing with the commercial success of the patented invention, were read into the record (Tr. 347-351). Dr. Musser specifically testified (Tr. 350) that he did not become aware of the Bienengraber patent reference (DX C-3)

until it was cited against his patent application during its prosecution and thereafter Dr. Musser testified that he saw the "...massive big thins...it weighs a couple hundred pounds." in Nuremburg (Tr. 351).

At the close of testimony in the second part of the District Court trial, defendants moved for a directed verdict. Judge Conner withheld ruling upon the motion, stating: "I think the most prudent course for the Court to follow at this point is to let the jury express its views on the issue." (Tr. 355). It was further stipulated before a luncheon recess that the validity of claims 1, 2, 3, 4, 5 and 6 of the patent in suit would stand or fall on claim 1 (Tr. 357).

On return from recess, in open court and prior to calling the jury back to hear summation arguments of counsel, the Court engaged counsel for Lerner and Ellman in a discussion of the evidence as it concerns validity of the patent in suit. More specifically, Judge Conner asked counsel if plaintiffs had additional non-documentary evidence on the issue of obviousness (Tr. 359). In discounting

patent art presented as not binding upon the Court (Tr. 359,)), the District Court stated that there was uncontradicted evidence of commercial success of the patented Bell Organ (Tr. 364, 366). On the basis of the Court's finding of commercial success due in significant part to the intrinsic merit of the Bell Organ (PX 3), counsel for the parties stipulated to dismissing the jury (Tr. 366) and permitting the Court to decide the issue of patent validity upon the evidence. The jury was excused (Tr. 367) and counsel agreed to permit the Court to decide the validity issue without post-trial memoranda. The Court found the invention covered by claims 1, 2, 3, 7, 8 and 9 of the patent in suit, as construed by the jury in the first part of the trial, invalid under Section 103, Title 35 of the United States Code as obvious at the time the invention was made to persons of ordinary skill in the art (A 17). The Court relied upon a combination of three prior art patents, namely:

Marks U.S. Patent No. 2,052,890 (1936) (A 260);

Bassler Belgian Patent No. 515,147 (1952)
(A 333); and

Bienengraber German Patent No. 567,657 (1931)
(A 327).

The Marks and Bienengraber patents were cited by the U.S. Patent Office Examiner when granting the patent in suit.

Lerner and Ellman timely filed their Notice of Appeal on January 20, 1976.

ARGUMENT

POINT I. DOES THE PRESUMPTION OF VALIDITY OF AN
ISSUED LETTERS PATENT REQUIRE THAT THE
COURT CONSTRUE THE CLAIMS IN A MANNER
TO FIND THE PATENT VALID, IF AT ALL POSSIBLE?

A. The Assertion of a Patent Claim Broader
Than Its Valid Scope Does Not Affect The
Court's Obligation To Construe The Scope
No Broader Than Possible To Preserve Validity

The District Court correctly stated the presumption of validity and the burden upon the defendant of establishing invalidity in accordance with 35 U.S.C. 282. However, the District Court failed to apply the corollary to the presumption of validity, as clearly enunciated by Judge Hand of this Circuit:

"The canon, ut res magis valeat quam pereat, applies with particular force to patent claims"

General Motors Corp. v. Apollo Magneto Corp., 102 F2d. 455, 41 USPQ 51 (2d Cir., 1939).

Judge Hand relied upon two Supreme Court cases for his admonition that, where at all possible and especially where the invention has met with commercial success, "if the claims were fairly susceptible of two constructions, that should be adopted which will secure to the patentee his actual invention, rather than to adopt a construction fatal to the grant", Smith v. Snow, 294 U.S. 1, 14, 55 S.Ct., 279, 284 (1935).

Indeed, the proper construction of a claim, in order to find it valid, is not affected by any contradictory or inconsistent assertions made by the patentee in asserting a scope greater than that which the Court could find to be valid over the prior art:

"The rights of the plaintiff depend upon the claim in his patent, according to its proper construction, and not upon what he may erroneously suppose it covers. If at one time he insists upon too much, and at another on too little, he does not thereby work any prejudice to the rights actually secured to him.

McClain v. Ortmayer, et al., 141 U.S. 419, 426, 12 S.Ct. 76, 78 (1891).

The District Court in the present case concluded its opinion by a reference to the claims as construed by the jury finding infringement of all of the devices sold by the defendants. The District Court referred to the verdict of the jury as having "broadened the wording of the claims in several respects" (Pages 15 - 16 Trial Court decision, A 29-30). The Court then went on to point out two aspects of the claims that the jury found to be included by way of a Doctrine of Equivalents in the two Melody Bell-O-Phone products sold by the defendants (PX 5 and 5A).

B. The District Court Was Incorrect In Reversing the Rule of Law Regarding Construction of Patent Claims.

The District Court apparently believed that the jury expanded the scope of the claims to the point where it became obvious from the prior art, when it found that the Melody Bell-O-Phone products infringed the patent in suit. However, the lower Court reversed the rule of law which the Second Circuit Court of Appeals clearly expressed in Fife Mfg. Co. v. Stanford Engineering Co., 299 F.2d 223, 226 (2d Cir., 1962):

"It is well settled that a patent owner may not apply a narrow construction to his claim to avoid the prior art and then apply broad construction to include an accused device."

Also see General Motors Corp. v. Apollo Magneto Co., supra.

The District Court in the present case asserted that "The claims must, of course, be given the same breadth of interpretation for purposes of determining their validity as they were given in determining their infringement."

(Page 16 of Opinion and Order, A 30). This is a reversal, and thus an incorrect statement, of what the law actually is.

The Court in Fife, construed the claim in suit in a manner which avoided infringement of the allegedly infringing article in order to find it valid over the cited art. The District Court in this case clearly

misapplied the law in finding the claims of the present patent invalid based upon the broad construction of the claims found by the jury in its special verdict of infringement.

The Court should have attempted to first construe the claims in a manner to find the claims valid, and then determined whether the claims were infringed by the products of defendant. Accordingly, rather than finding the claims invalid based upon the jury's special verdict of infringement, the Court had the obligation, if it in fact believed the jury's construction of the claims to be overly broad, to overrule the jury as a matter of law, as to the scope required to find infringement by the Melody Bell-O-Phone, and to construe the claims in a manner to avoid invalidity.

It is pointed out, as was indicated during the trial that a broader scope of the claim is required to find infringement of the two Melody Bell-O-Phone products (PX 5 and 5A) than is required to find infringement by the Big Mouth Singer product (PX 4). Indeed, the Court quite clearly recognized this fact, in its reference to the "two 'Melody Bell-O-Phone' devices" at the top of page 16 and page 17 of its Opinion (A 30,31).

Therefore, the District Court, in misapplying the rule of law for the construction of patent claims, via reversing the proper order of first determining validity and then infringement, reached a decision that is not properly founded on the law.

C. Plaintiffs-Appellants Were Deprived of Due Process By the District Court's Unfair Utilization of the Jury's Special Verdict

The District Court, in overruling only a part of the determination of the trial jury regarding the scope of the claims of the patent in suit, and basing its decision of invalidity on this partial overruling of the jury decision, was unfair to the plaintiffs to a degree reaching deprivation of the plaintiffs' rights to due process.

The jury was instructed by the District Court to consider the effect of the prior art before expanding the scope of the claims under the Doctrine of Equivalents (Tr. 268). The jury did this, as evidenced by the special verdict it submitted (A 358). The District Court then utilized the jury's ultimate determination of the scope of the claims in order to find the patent invalid.

The District Court had the obligation of first determining how far the prior art would permit the scope of the claims in suit to be expanded by the Doctrine of Equivalents, before it found the claims invalid as being

obvious over the prior art. The Court in its charge required the jury in rendering its special verdict to do just that (Tr. 269).

The decision should be reversed.

POINT II. MUST THE DEFENDANTS PRESENT SUFFICIENT
EVIDENCE TO ESTABLISH THE LEVEL OF
ORDINARY SKILL IN THE ART BEFORE THE
COURT CAN FIND 35 U.S.C. 103 OBVIOUSNESS?

A. The Burden of Proving Invalidity
is on the Defendants

It is well recognized in the law that the burden of pleading and proving invalidity of a patent rests on the alleged infringer, and that it is a very heavy burden. It is further recognized that "every reasonable doubt should be resolved against" the party alleging unpatentability, Mumm v. Decker & Sons, 301 U.S. 168, 171 (1937).

The burden is on defendants to show facts that would lead to the conclusion that patentee's product was obvious. Shaw v. E.B. & A.C. Whiting Co., 417 F.2d 1097, 163 USPQ 580 (2d Cir., 1969). Accordingly, each of the several factual considerations which the Supreme Court has stated as the basis for determining the question of obviousness must be proven by the infringing party:

"[1] the scope and content of the prior art are to be determined; [2] differences between the prior art and the claims at issue are to be ascertained; and [3] the level of ordinary skill in the pertinent art resolved."

Graham v. John Deere Co., 383 U.S. 1, 17, 148 USPQ 459, 67 (1966). Unless this burden of proving each of the

above facts is met by the infringing party, a decision of invalidity cannot be reached by the court, Shaw v. E.B. & A.C. Whiting, supra, 417 F.2d at 1097, 163 USPQ at 586.

B. The District Court's Assertion That the Invention Provides the "Simplest Method of Supporting the Tone Bars" is no Substitute for Positive Proof of the Level of Skill in the art and is no Indication of Obviousness.

The lower Court referred to the method of mounting the tone bars utilized in the patented invention as being the "simplest method of supporting the tone bars", and then concluded that it was the most obvious way of doing it. It is well recognized, however, that the "fact that the invention seemed simple after it is made does not determine the question" of patentability, Expanded Metal Co. v. Bradford, 214 U.S. 366, 381 (1908). "The simplicity of an invention or an improvement thereof is not, however, the test of its obviousness", Shaw v. E.B. & A.C. Whiting Co., 417 F.2d 1097, 163 USPQ 580 (2d. Cir., 1969).

The Court of Customs and Patent Appeals, the court which is most often charged with determining the legal question of unobviousness, and therefore patentability,

has stated, in In re Meng, et al., 181 USPQ, 94, 97, 492 F.2d 843 (CCPA, 1974), "...in a crowded art, simplicity may argue for patentability rather than the reverse." (emphasis added).

C. A Time Differential of Nearly Eighteen Years Does Not Represent Contemporaneity.

The heavy burden of proving each of the factual elements of obviousness was at least implicitly recognized by the District Court when it stated that its final determination "turns upon the secondary considerations" referred to in Graham -- the history of the art before and after the invention" (A 27). As the District Court noted, the great value of the secondary considerations has long been recognized in this Circuit having been

"called the 'signposts' of patentability and properly deemed infinitely more reliable than a priori evaluations aided by hindsight. Reiner v. I. Leon Co., 285 F.2d 501, 504 (2d. Cir., 1960), cert. denied, 366 US 929 (1961)."

The District Court pointed to what it asserted was the generally contemporaneous independent development by Lerner and Ellman (and "perhaps by a third team as well",) of the invention made by the patentee Musser as "strongly tending to show the obviousness of the invention" (A 28). The District Court in its opinion stated:

"It thus appears that, at roughly the same time the claimed invention was conceived by the patentee, Dr. Musser, it was developed by at least one other team, plaintiffs Lerner and Ellman, and since there was no evidence of derivation by Child Guidance from either Musser or plaintiffs, perhaps by a third team as well. Such generally contemporaneous development is at least some evidence that the invention was not beyond the reach of those of ordinary skill in the art." (A 29)

The lower Court has made at least two, and possibly three, errors of both fact and law in its consideration of this point. First, it was shown by the evidence that the development of the "Jolly Jingle Tone" by the plaintiffs, Lerner and Ellman, occurred during 1971 (Tr. 73). The original application by the patentee, Dr. Musser, was filed in 1956 (A 44) on an invention conceived in 1953 (Musser deposition, Page 15)*nearly eighteen years before the development by Lerner and Ellman. Mistakenly, the Court considered independent developments occurring nearly eighteen years apart, to be "generally contemporaneous" (A 29).

The lower Court referred to a Sixth Circuit decision, Felburn v. New York Central Railroad Co., 350 F.2d, 416, 426 (6th Cir., 1965). In that case, the two independent developments occurred within the same year (see pages 424-5 of 350 F.2d), and there was most likely an actual

*see below, p. A-3

overlap in the development periods. A search of the published court cases has been made in an attempt to determine what other courts have considered to be "generally contemporaneous developments." In all of the cases read, the independent development by others either occurred prior to the development by the patentee, or within one year after the application date of the patent. The Court is referred to the following cases as exemplary:

Shanklin Corp. v. Springfield Photo Mount Co.,
521 F.2d, 609, 618 - 619 (1st Cir., 1975);

Continental Can Company v. Old Dominion Box Company,
(2d Cir.) 393 F.2d, 321, 327 (2d Cir., 1968);

Barr Rubber Products Company v. Sun Rubber Company,
277 F. Supp. 484, 491-492 (SDNY, 1967);

Wilson Athletic G. Mfg. Co. v. Kennedy Sport. G. Mfg. Co., 233 F.2d 280, 284 (2d Cir., 1956);

Concrete Appliances Co. v. Gomery, 269 US 177, 46 S.Ct. 42 (1925).

The rationale for considering "contemporaneous developments" was succinctly stated by the court in the Barr Rubber Products case:

"This conclusion is not subject to the constant worry that lay judges will substitute uncritical hindsight for a legitimate judgment of what would have been 'obvious' from the vantage point of the pertinent time and place. For, contrary to defendant's [patentee's] assertions,

others...arrived at his 'invention' before him or around the same time, and wholly independent of his efforts..."

Barr, supra, 277 F.Supp. at page 491.

The First Circuit Court of Appeals stated that proof of contemporaneous independent development is intended to "provide cumulative indicia as to what constituted ordinary skill in the art and thus alleviate somewhat the problems of evaluation by hindsight.", Shanklin, supra, 521 F.2d. at page 618. See also the District Court's own subsequent opinion in Kaz Manufacturing Co., Inc. v. Northern Electric Co., — F.Supp. — , 189 USPQ 464, 476 (SDNY, 1976).

Congress, has in 35 U.S.C. Sec. 103, declared that obviousness is to be determined from what "would have been obvious at the time the invention was made to a person having ordinary skill in the art." (emphasis added). It is perhaps arguable that a certain leeway should be granted in permitting evidence on this point to include what occurred immediately after the time of invention. A difference of more than seventeen years, however, goes far beyond any possible legitimate term of inquiry. Modern technology speeds along: It only took 15 years to pass from relatively crude small rockets barely able to escape the Earth's atmosphere to three-man space ships capable

of making almost pin-point landings on the Moon and thereafter returning to Earth. It must be further pointed out that seventeen years corresponds to the term for Letters Patent of the United States, and thus has presumably been recognized by Congress as indicating a technologically significant time span (35 U.S.C. 154).

The lower Court further erred, in both fact and law, in considering the lack of "evidence of derivation by Child Guidance from either Musser or plaintiffs." It was admitted on the record, (Tr. 152, 153) that the initial design for the Big Mouth Singers was obtained from an oriental manufacturer and that Child Guidance purchased its devices from a Japanese manufacturer.

Julius Ellman, in fact, testified (Tr. 78 to 80) that the "rotating rod with the washers" is the same length and in fact mutually replaceable in both the commercial item sold by the patentee, the Bell Organ (PX 3), and one of the infringing items sold by the defendants, the Big Mouth Singers, (PX 4). As the burden of proof is upon the defendants to both plead and prove all aspects of alleged invalidity, the lack of any evidence must lead the court to conclude that there was in fact no independent development by the Japanese manufacturer on behalf of

Child Guidance. The District Court incorrectly assumed the reverse and, in effect, incorrectly placed the burden of proof upon the plaintiffs.

D. The District Court's Findings on
the Bienengraber Device Are
Inconsistent with the Evidence

The District Court supported its conclusion that no "skill beyond that of the average toy designer was involved in conceiving the objective of a toy piano producing carillon sounds" by stating that "Bienengraber's full-sized musical instrument...was on the market, and the patentee Musser had actually seen one in Dusseldorf". Once again the District Court substituted conjecture in making a finding of fact against the plaintiffs in a matter the defendants have the burden of proving.

As stated, (supra, p. 24), the defendants have the burden of proving all facts required to prove invalidity. Furthermore, as also stated, the prior art to show the state of the art, must be that available "at the time" the invention was made (supra, p. 29).

The defendants failed completely to provide any evidence as to when the Bienengraber device was "on the market", contrary to the District Court's assertion (A 26) and when Musser had actually seen the Bienengraber instrument, i.e., before or after the invention by Musser.

The only evidence presented on these points was read into the record from the deposition by Dr. Musser. The deposition testimony of Dr. Musser actually implies that he did not know of the Bienengraber instrument until after the German patent was cited by the Examiner during the prosecution of the Musser application (Tr. 350).

Accordingly, the District Court's reasoning behind its conclusion that it was obvious to conceive of making the patentee's toy piano at the time the patentee conceived his invention is completely unsupported by the evidence of record and must be reversed.

Incidentally, the District Court refers to Dusseldorf but the testimony referred to Nuremburg.

E. All of the "Secondary Considerations" or "Signposts" of Patentability Point to Lack of Obviousness.

The District Court cited several "secondary" signposts or considerations in an attempt to bolster its "a priori evaluations aided by hindsight" (A 27). An accurate consideration of the facts supporting each such signpost makes it clear that these signposts point away from the otherwise incompletely supported finding of obviousness.

As discussed above, the District Court erred in its finding of "generally contemporaneous independent development" by others of the patented device. Indeed, the greater than seventeen year term between the patentee's developments and the later development by Lerner and Ellman actually argues for the unobviousness of the Musser development.

The only other 'secondary signpost' raised by the District Court referred to the 'mercantile value of the invention', (Opinion of Judge Conner, p. 15, A 29). The parties and the District Court had stipulated when terminating the jury trial that the patented device "did enjoy a substantial degree of commercial success" (Tr 364) and that "the commercial success was due in significant part to the intrinsic merit of the article" (Tr 366). The District Court's reference to the price paid to Dr. Musser when Lerner and Ellman purchased his patent is not only irrelevant to the question of commercial success, but at the very least is an unfair abrogation of the stipulation made at the trial.

The deposition testimony of Dr. Musser, read into the record at the trial, indicates that Dr. Musser had been quite enthusiastic about his invention. Dr. Musser stated that he received a considerable sum of money as royalty from the sale of his invention through

the United States and abroad. He indicated that "tens of thousands" were sold in the United States, and in addition, the items were sold extensively in Great Britain and South America (Tr 348 - 349).

Accordingly, as the District Court recognized the need to rely on the 'secondary considerations' of John Deere, supra, to support its decision, and as all of the secondary considerations raised by the District Court support the validity of the claims of the patent in suit, the District Court's decision should be reversed and the claims upheld as valid.

POINT III CAN THE COURT FIND CLAIM 1 OF THE PATENT IN
SUIT VALID, AND INFRINGED BY "BIG MOUTH SINGERS"

This Court can and should find claim 1 of the patent in suit valid and infringed by the accused Big Mouth Singers device (PX 4), and not infringed by the Melody Bell-O-Phone devices (PX 5 and 5A).

Such a holding would be consistent with the evidence, the jury's special verdict as applied to Big Mouth Singers, and the District Court's finding that, as a matter of law when construed too broadly so as to cover the Melody Bell-O-Phones, claim 1 is invalid.

A. The District Court Erred In Failing
To Consider the 35 U.S.C. 103 Validity
of Claim 1 when Construed Sufficiently
Broadly To Cover "Big Mouth Singers" Alone

Conspicuously absent from the District Court's decision is any treatment of the Big Mouth Singers device (PX 4) insofar as validity of claim 1 under 35 U.S.C. 103 is concerned. The jury found both non-obviousness and infringement of claim 1 by Big Mouth Singers. References in the lower Court's decision to parts of the structure of Melody Bell-O-Phone simply not at all present in Big Mouth Singers requires the Court to take a fresh look at the claimed invention as applied to Big Mouth Singers alone.

As an example, the District Court referred on page 17 of its Opinion (A 31) to the rather complex linkage within the Bienengraber reference (A 327) as having "...three relatively movable parts instead of one as disclosed in the Musser patent in suit and two as employed in the 'Melody Bell-O-Phone'." However, the Court made no reference at all to the accused "Big Mouth Singers" device (PX 4) which, as in the case of the Musser patent, has only one movable part, the key carrying a tone bar. When the key of Big Mouth Singers is depressed, there is no two or three-part linkage of the Bienengraber-type required to move the tone bar into a playing position. This is so because the tone bars which generate a carillon sound are directly on the keys, as in the patent.

Another example of the District Court's reference to the structure in the Melody Bell-O-Phones (PX5 and 5A) when construing claim 1 more broadly than is necessary to cover the Big Mouth Singers alone, is the Court's reference to "...separate stops in various locations" (Opinion page 16, A 30). These separate stops are the "projections" referred to in Ellman's direct testimony (Tr. 65) which "limit the rotation or to stop the rotation of the keys". The Big Mouth Singers (PX 4) contains a "key

support ledge" in the true sense of the word (Tr. 37-38) which is provided as a part of the devices' cover and which limits the tone bar's travel, as recited in claim 1 and disclosed by the patent in suit. The jury apparently found the edge of the slots containing the keys of the Big Mouth Singers to be the equivalent of the "key support ledge" of the patent Claim 1 based upon the testimony of Ellman (Tr. 58) and the demonstration by plaintiffs' counsel during the cross-examination of the defendants' witness Wuertemberg (Tr. 178 - 180). This "edge" is located at substantially the same location defined by claim 1, and certainly does not correspond to the "separate stops in various locations" referred to by the District Court in its opinion.

B. The Combination of Elements Recited in Claim 1, When Construed To Cover Big Mouth Singers, Is Not Obvious Under 35 U.S.C. 103

Defendants have failed to meet their burden of proving that claim 1 of the patent in suit is obvious under 35 U.S.C. 103, when construed to cover the accused Big Mouth Singers device (PX 4). None of the prior art patents, whether taken singly or in combination with one another, anticipate the combination of elements recited in

claim 1.

It should be noted that half of the twenty prior art patents contained within defendants' "prior art book" (DX B) were cited by and scrutinized by the U.S. Patent Office Examiner who issued the patent in suit. The uncited prior patent art in evidence contribute nothing more than the cited patent art.

- (1) The Prior Art Fails To Teach
Either The Goal of the Invention
Or the Combination of Elements Used
to Accomplish This Goal

Musser had a goal in mind when developing the subject invention. We get a glimpse of his objective from a reading of the specification of the patent in suit (PX 1, A 37), at column 1, lines 54 - 59, wherein it states:

"Through the use of special means for actuating sound generating elements employed with the toy musical instruments of this invention, it is possible to very closely simulate the [carillon] sound produced by an electric organ"

Defendants failed to introduce any evidence of any kind to demonstrate this goal by a prior party. Furthermore, Musser sought to do this in an inexpensive toy of a design that would enable mass-production of the item with plastic components (PX 1, A 37, column 1, lines 33 - 38).

Musser accomplished this in a very specific way, with a specific structural means recited in claim 1 as a combination of elements. This combination is simply not taught by the prior art.

(2) The Patent Office Examiner Cited
and Scrutinized Two of Three
Prior Art Patents Asserted By
Defendants As Anticipatory Of
the Claimed Invention

During the trial, the defendants specifically referred only to the three patents cited and relied upon by the District Court in its opinion (A 23-25), Marks (A 218-21), Bienengraber (A 327-31) and Bassler (A 333-56). The first two of these patents were cited and carefully considered by the Examiner during the prosecution of the patentee's application before the Patent Office. The third patent, Bassler, is actually less relevant than at least one of the references cited and considered by the Examiner, the patent to Lohr (A 267-71).

Lohr describes a toy musical instrument wherein each key is a single pivoted member having a striker means attached to its inner end, which strikes a tone bar when the outer end is depressed. The applicant distinguished over Lohr by pointing out to the Examiner first that the

tone bar is not mounted on the key, and second that it is "impossible to modify the Lohr structure to achieve" the desired effects, "unless it is completely redesigned as taught in this application" (A 75).

The same argument is applicable to the Bassler reference cited by the defendants herein. The District Court considered Figure 20 of that patent in its opinion (A 10), and this drawing was referred to during the testimony of the defendants' witness Kern (Tr. 300). However, a careful examination of that reference shows that although it discloses a tone bar attached to a key in Fig. 20 (A 343), the striker (shown as numeral 71), is also attached to the key. This is completely different from either the Bienengraber device or the device of claim 1 in suit.

Furthermore, the sketches of Bassler are completely diagrammatic and obviously are not intended to depict a real device. It is not possible to determine the exact construction of the key from Figure 20. This construction is verbally described in the text of the patent (reference is made to the paragraph beginning on page 3 overleaf to page 4, of the English translation provided by the defendants (A 347)) and is found to be very much more complicated than

the simple construction of the Musser device as defined in claim 1 in suit.

As explained (supra, p. 8) this simple construction was the keystone of the commercial success of the Musser musical instrument, in combination with the desirable musical tone it produced. Utilizing the extremely complex linkage of Bassler, which includes a pin and an elastic member for returning the key to its rest position, would completely defeat the advantages which are provided by the claimed construction.

(3) Obviousness Must Be Based Upon A
Level of Ordinary Skill in the Art
At The Time The Invention Was Made,
Not In Hindsight

The determination of obviousness must be made by this Court based upon the level of ordinary skill in the art at the time the patentee conceived his invention, Graham v. John Deere Co., supra. This means that the suggestion for making the combination of all of the elements recited by claim 1 in suit must come solely from the cited references and not from any hindsight provided by the knowledge gained from the patent in suit or from any of the devices being considered herein, In re Meng, et al., supra.

A piecemeal reconstruction of the prior art, i.e., taking an element from each of several different prior art sources, cannot be properly done absent some suggestion in the prior art that the modification necessary to make the combination be done, In re Cussons and Dewar, 354 F.2d 384, 387, 148 USPQ 277, 279. There is no suggestion in any of the cited art to make this combination.

In considering the patentability of combinations of known mechanical elements, Judge Learned Hand of the Second Circuit Court of Appeals has heretofore stated

"...in B.G. Corp. v. Walter Kidde & Co., 79 F.2d 20, 26 USPQ 288, 289 (2 Cir. 1935): 'All machines are made up of the same elements * * * but the elements are capable of an infinity of permutations, and the selection of that group which proves servicable to a given need may require a high degree of originality. It is that act of selection which is the invention.'"

Continuing from that basis, the Court subsequently stated:

" Whatever be the aggregate the whole must exceed the sum of the several contributing elements and that is precisely what the Fenske patent does. The concept of mounting a stylus on a moving transparent plate was previously unknown and this invention exceeds the sum of all the prior art."

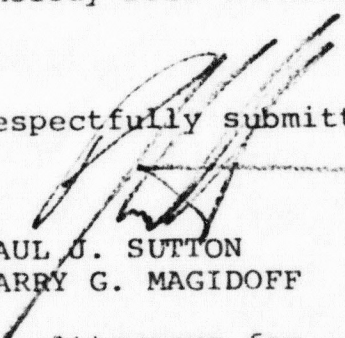
Ling-Temco-Vought, Inc. v. Kollsman Instrument Corp., 372 F2d 263, 153 USPQ 446, 450.

CONCLUSION

For all of the above reasons, Lerner and Ellman request the following relief:

1. That that part of the judgment of the District Court dismissing the Complaint be reversed.
2. That that part of the judgment of the District Court holding claims 1, 2, 3, 7, 8 and 9 invalid under 35 U.S.C. 103 be reversed.
3. That a holding of infringement by defendants be made as regards the Big Mouth Singers device alone.
4. That a holding of non-infringement by defendants be made as regards both Melody Bell-O-Phone devices.

Respectfully submitted,


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ADDENDUM OF STATUTES CITED

35 U.S.C. 103 CONDITIONS FOR PATENTABILITY; NON- OBVIOUS SUBJECT MATTER

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made

35 U.S.C. 154 CONTENTS AND TERM OF PATENT

Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, for the term of seventeen years, of the right to exclude others from making, using or selling the invention throughout the United States, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof.

35 U.S.C. 282 PRESUMPTION OF VALIDITY; DEFENSES

A patent shall be presumed valid. The burden of establishing invalidity of a patent shall rest on a party asserting it.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement or unenforceability,

(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,

(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

(4) Any other fact or act made a defense by this title.

In actions involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Claims, as showing the state of the art,

• and the name and address of any person who may be relied
upon as the prior inventor or as having prior knowledge
• of or as having previously used or offered for sale the
invention of the patent in suit. In the absence of such
notice proof of the said matters may not be made at the
trial except on such terms as the court requires.

BEST COPY AVAILABLE

1 Notary Public as Defendants' Exhibit B for
2 identification and is annexed hereto.)

3 Q BY MR. BAHR: Dr. Musser, are you the inventor
4 of the patent of the Defendants' Exhibit B?

5 A Yes.

6 MR. O'BRIAN: I object to it on a semantic ground, the
7 inventor of the invention.

8 Q BY MR. BAHR: The inventor of the invention set
9 forth in the patent of the Defendants' Exhibit B.

10 A That's what I understood you to -- yes.

11 Q Dr. Musser, when did you first conceive of the
12 toy which is covered by the patent of Defendants' Exhibit B?

13 A I did some planning toward the end of 1953,
14 and I built a prototype in 1954 in my own lab, not at
15 Knickerbocker but in my own lab at my own address, my present
16 address.

17 Q Is that first prototype still around?

18 A No.

19 Q Are there any papers or writings relative to that
20 first conception and building of a prototype that you still
21 have in your files?

22 A I don't think so. Truthfully, no.

23 Q Would you check on that point, or could you check
24 on that point?

25 A Well, I'd say we'd be wasting your time and mine
26 because I'm 99.99 positive that I don't because the
27 Knickerbocker material, it just happens that I have a few
28 of these things that are relative, I have destroyed and done

CERTIFICATE OF SERVICE

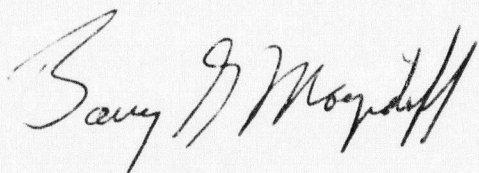
I HEREBY CERTIFY that a true copy of the
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